

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

KAO CORPORATION and THE)	
ANDREW JERGENS COMPANY,)	
)	
Plaintiffs,)	
)	
v.)	Civil Action No. 01-680-SLR
)	
UNILEVER UNITED STATES, INC.)	
and CONOPCO, INC.,)	
)	
Defendants.)	

MEMORANDUM ORDER

At Wilmington this 17th day of April, 2003, having reviewed the correspondence from the parties regarding the question of whether the above captioned case shall proceed to trial before a jury or before the bench (D.I. 60, 61, 62, 63);

IT IS ORDERED that the case shall be conducted as a bench trial, for the reasons that follow:

1. Plaintiff KAO Corporation ("Kao") commenced this suit in October 2001 against, inter alia, Unilever United States, Inc. and Conopco, Inc. (collectively "Unilever"), alleging infringement of U.S. Patent Nos. 6,306,382 ("the '382 patent") and 6,299,605 ("the '605 patent") and seeking compensatory damages and injunctive relief, enhanced damages and attorneys' fees. Plaintiff did not make a demand for a jury trial. In response, Unilever raised affirmative defenses and asserted a counterclaim seeking a declaratory judgment of noninfringement,

invalidity and inequitable conduct on the '382 patent and alleging infringement of U.S. Patent No. 6,106,857 ("the '857 patent"). Unilever made a timely demand for a jury trial. During fact discovery, the parties agreed to dismiss all claims relating to both the '605 patent and the '857 patent. Subsequently, Kao withdrew its claim for damages related to the '382 patent. The question before the court, raised through correspondence (not motion), is whether Unilever should be afforded its Seventh Amendment right to a jury trial, irrespective of Kao's decision to withdraw its damages claim.

2. The Seventh Amendment to the United States Constitution provides that "[i]n suits at common law . . . the right of trial by jury shall be preserved" The United States Supreme Court has established the appropriate Seventh Amendment inquiry:

To determine whether a particular action will resolve legal rights, we examine both the nature of the issues involved and the remedy sought. "First, we compare the statutory action to 18th-century actions brought in the courts of England prior to the merger of the courts of law and equity. Second, we examine the remedy sought and determine whether it is legal or equitable in nature." [Tull v. United States, 481 U.S. 412, 417-418 (1987)]. The second inquiry is the more important in our analysis. Granfinanciera, S.A. v. Nordberg, 429 U.S. 33, 42 (1989).

Chauffeurs, Teamsters and Helpers, Local No. 391 v. Terry, 494 U.S. 558, 565 (1990). Accord Tegal Corp. v. Tokyo Electron America, Inc., 257 F.3d 1331, 1339 (Fed. Cir. 2001).

3. In addressing the Seventh Amendment inquiry in the context of patent litigation, the Federal Circuit has determined that

“[i]n eighteenth-century England, allegations of patent infringement could be raised in both actions at law and suits of equity,” and that the choice was the patentee’s and depended on the remedy sought. If the patentee sought an injunction and an accounting, the patentee went to a court of equity. If, however, the patentee sought only damages, a court of law was used.

Id. at 1340 (quoting In re Lockwood, 50 F.3d 966, 976 (Fed. Cir. 1995), vacated by 515 U.S. 1182 (1995) (“Under both English and American practice, then, it was the patentee who decided in the first instance whether a jury trial on the factual questions relating to validity would be compelled.”)).¹

4. Although the facts at bar are distinguishable from those in both Tegal and Lockwood, the court looks to these cases for guidance in its Seventh Amendment inquiry.

a. In Tegal, the patentee [Tegal] initially requested a jury trial for its patent infringement suit against the defendant, seeking both injunctive relief and damages. The defendant asserted affirmative defenses without filing a

¹The court notes that although the Lockwood decision was vacated by the Supreme Court, the Federal Circuit has stated that “[t]he Supreme Court vacated Lockwood without explanation. Thus, our analysis has been neither supplanted nor questioned. Although no longer binding, we find its reasoning pertinent.” Tegal, 257 F.3d at 1340. It is therefore appropriate for this court to look to the Lockwood analysis.

counterclaim; it is unclear whether defendant filed a timely demand for a jury trial. The patentee withdrew its claim for damages days before trial and the district court proceeded as the trier of fact. The Federal Circuit upheld the district court's decision in this regard:

Applying [the Lockwood] framework to the present case, and given Tegal's interest only in an injunction, it is clear that Tegal would have needed, in eighteenth century England, to bring its case in a court of equity. . . .

The second prong of the Supreme Court's test, the more important prong, inquires into the nature of the remedy sought. Little analysis is required; Tegal sought only an injunction, a purely equitable remedy. Considering the two prongs, both of which point to equity, there is no doubt that neither party had a right to a jury in this case. In summary, this court holds that a defendant, asserting only affirmative defenses and **no counterclaims**,^[2] does not have a right to a jury trial in a patent infringement suit if the only remedy sought by the plaintiff-patentee is an injunction.

Tegal, 257 F.3d at 1340-41 (emphasis added). It is important to note that the Federal Circuit characterized the case as it stood on the brink of trial after the patentee dropped its claim for damages, as "a claim of patent infringement, seeking an injunction and no damages, with invalidity issues asserted in affirmative defenses." Id. at 1339.

b. In In re Lockwood, the patentee filed a complaint alleging infringement of his two patents, sought both damages and

²The Federal Circuit does not explain what kind of counterclaims it had in mind when it made this broad statement.

injunctive relief, and made a timely demand for a jury trial. The defendant raised a number of defenses, including the alleged invalidity of the two patents at issue; in addition, the defendant counterclaimed for a declaration that its activities were noninfringing and, alternatively, that the patents at issue were invalid or unenforceable. It is unclear whether the defendant made a timely demand for a jury trial. After the close of discovery, the district court granted defendant's summary judgment motion that its activities were noninfringing. The infringement action was dismissed and the court thereafter decided that the remaining claims were equitable in nature and that the patentee was not entitled to a trial by jury as a matter of right. In reversing the district court's decision, the Federal Circuit concluded, as best this court can discern, that: (1) "declaratory judgment actions are, for Seventh Amendment purposes, only as legal or equitable in nature as the controversies on which they are founded," id. at 973; (2) defendant's declaratory judgment action against the patentee should be viewed "as a suit for patent infringement in which the **affirmative defense** of invalidity has been pled," id. at 974 (emphasis added); and (3) because the "choice of forum and remedy, and thus of the method of trial, was left with the patentee" in eighteenth-century England, "the Seventh Amendment preserves to Lockwood [the patentee] the same right to a jury

trial on the factual questions relating to validity in a declaratory judgment action that he would have enjoyed had the validity of his patents been adjudicated in a suit for patent infringement according to eighteenth-century English practice.” Id. at 976. It is important to note that in this case, the Federal Circuit characterized the declaratory judgment action in terms of what the patent infringement action looked like at the close of pleadings; i.e., since the patentee had demanded damages and a jury trial in the first instance, he was “entitled to have the factual questions relating to validity in this case tried to a jury as a matter of right” despite the fact that “the validity of his patents comes before the court in a declaratory judgment action for invalidity rather than as a defense in an infringement suit.” Id.

5. What this court gleans from the above reasoning is that the patentee’s infringement case is the linchpin of the Federal Circuit’s Seventh Amendment analyses. Because it was the patentee who chose the remedy and, thus, the forum in eighteenth-century England, and because a declaratory judgment action in a patent case is characterized by the infringement action, it remains the patentee who is entitled to a jury trial and who may waive that right. In sum, an alleged infringer has no entitlement to a trial by jury by virtue of pleading

counterclaims asserting noninfringement and invalidity, claims which are equitable in nature with no attendant right to damages.

Sue L. Robinson
United States District Judge